

Commercial Real Estate Market Report

2014 - Q3

Retail	Class A					Class B				
	Buildings > 10,000 SF	Properties	Total SF	Vacant SF	Occupancy	Avg Rent (1)	Properties	Total SF	Vacant SF	Occupancy
2014 Q1	37	2,388,917	28,830	98.79%	\$18.50	115	4,658,622	449,815	90.34%	\$9.45
2014 Q2	37	2,388,917	34,226	98.57%	\$18.90	119	4,868,759	474,781	90.25%	\$9.79
2014 Q3	37	2,388,917	34,054	98.57%	\$18.65	120	5,050,443	493,803	90.22%	\$9.64

Class A Retail continues to be in high demand within with Wanamaker Retail Corridor. The new addition of **Academy Sports + Outdoor** in the 1100 Block of Wanamaker has added some good retail pull to the north end of this retail sector. The data from this development will be recognized in the 2014 Q4 report.

Topeka continues to be a one store town for most retailers. However, **Walmart** has added their 4th store at 2650 SE California Ave and is in process of adding a 5th Store at 6th and MacVicar Ave.

Office	Class A					Class B				
	Buildings > 10,000 SF	Properties	Total SF	Vacant SF	Occupancy	Avg Rent (2)	Properties	Total SF	Vacant SF	Occupancy
2014 Q1	51	2,699,668	136,286	94.95%	\$20.17	138	5,323,149	487,719	90.84%	\$14.97
2014 Q2	51	2,699,668	157,654	94.16%	\$19.71	136	5,277,130	522,382	90.10%	\$14.89
2014 Q3	51	2,699,668	179,162	93.36%	\$20.23	136	5,277,130	533,693	89.89%	\$14.88

The office market is stable in Topeka and will realize higher occupancy over the next couple of quarters as the **State of Kansas** finalizes leases on 250,000+ square feet. This new leasing activity will be new absorption since the space being vacated is within the Docking State Office Building which is planned for demolition.

The typical office space is in a state of transition and the workplace culture is evolving. Creating great workspaces is becoming a priority for organizations to recruit and retain top talent. Determining the type of space the best matches a your culture and the search for quality office space that fits your changing needs within a reasonable budget is a challenge. It is also great opportunity to better define the brand and culture for your organization.

Industrial	Class A					Class B				
	Buildings > 20,000 SF	Properties	Total SF	Vacant SF	Occupancy	Avg Rent (3)	Properties	Total SF	Vacant SF	Occupancy
2014 Q1	20	5,408,007	12,072	99.78%	\$4.85	113	9,580,360	1,066,006	88.87%	\$3.53
2014 Q2	20	5,408,007	28,830	99.47%	\$4.85	112	9,498,560	1,023,110	89.23%	\$3.66
2014 Q3	20	5,408,007	28,830	99.47%	\$4.85	113	9,478,860	838,480	91.15%	\$3.74

Class A Industrial remains full in Topeka. The regional and national markets are seeing increased speculative industrial development projects to meet the demands of tenants with immediate needs and are not willing to wait for construction. We do not forecast speculative development in Topeka. However, we do anticipate continued custom construction spurred by economic inducements within the Topeka's tax payer incentivized industrial parks.

Almost 200,000 sf of Class B industrial space was absorbed in Topeka in Q3, 2014, mostly due to two large transactions. The former Hallmark Cards industrial facility located at **240 SE Madison** leased an additional 100,000 sf in Q3 putting occupancy at about 25% for this 720,700 sf property.

(1) **Retail Avg Rent** = the quoted \$/sf/yr rent for available retail space delivered in a warm shell condition. We have adjusted this quoted rent to reflect the most common terms offered for the Retail property in Topeka, KS. Retail rent is adjusted to NNN Rent which include no operating cost. Tenants will be responsible for Additional Rent for their share common area maintenance, real estate tax and insurance which will range from \$2.50 to \$5.00/sf/yr for Class B Retail and \$4.00 to \$7.00/sf/yr for Class A Retail. Direct payment for utilities and interior maintenance/repairs/replacement is also the responsibility of the tenant.

(2) **Office Avg Rent** = the quoted \$/sf/yr rent for available office space delivered in a standard finished condition. We have adjusted this quoted rent to reflect the most common terms offered for the Office property in Topeka, KS. Office rent is adjusted to a Gross Full Service which includes all the operating expenses including utilities, janitorial and interior maintenance. Tenants will be responsible for their share of operating expenses that exceed the base year operating expenses.

(3) **Industrial Avg Rent** = the quoted \$/sf/yr rent for available industrial space in a warm shell condition. We have adjusted this quoted rent to reflect the most common terms offered for the Industrial property in Topeka, KS. Industrial rent is adjusted to a Modified Gross which include exterior maintenance, real estate taxes, and insurance. Tenants will be responsible for their share of operating expenses that exceed the base year operating expenses. Direct payment for utilities and interior maintenance/repairs/replacement is also the responsibility of the tenant.

Information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness. © 2014, CBRE, Inc.

For questions, additional information or assistance with your Topeka commercial real estate project:

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